



**U.S. Immigration
and Customs
Enforcement**

April 7, 2006

News Release

ICE comments on the indictment of an air ambulance owner on bank fraud

HOUSTON — In response to Thursday's indictment of an owner/operator of a local air ambulance service based here, announced by Don DeGabrielle, the U.S. Attorney for the Southern District of Texas, the U.S. Immigration and Customs Enforcement (ICE) issued the following statement:

"This case illustrates our commitment to protect the public by using the authority granted in the Homeland Security Act," said Robert Rutt, the special agent-in-charge of the ICE Office of Investigations in Houston. "Using ICE's financial expertise, we were able to work with the Department of Transportation (DOT) and the Federal Aviation Agency (FAA) to close down the vulnerabilities to the flying public."

ICE encourages the public to report any suspicious activity, through its toll-free hotline at 1-866-DHS-2ICE. This hotline is staffed around the clock by investigators.

#ICE#

U.S. Immigration and Customs Enforcement was established in March 2003 as the largest investigative arm of the Department of Homeland Security. ICE is comprised of four integrated divisions that form a 21st century law enforcement agency with broad responsibilities for a number of key homeland security priorities.



**Department of Justice
U.S. Attorney's Office
Southern District of Texas**

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**AIR AMBULANCE OPERATOR AND MECHANIC INDICTED FOR
AIRCRAFT PARTS FRAUD**

HOUSTON, TX – Roy Horridge, the owner/operator of a Houston-based air ambulance service, and William Michael Sexton, a former officer and aircraft mechanic, have been indicted for aircraft parts fraud and bank fraud.

United States Attorney Don DeGabrielle today announced the unsealing of a 12-count indictment charging Roy Gerherd Horridge, 72, of Houston and William Michael Sexton, 65, of Scottsdale, Arizona, with conspiracy to commit aircraft parts fraud, nine counts of aircraft parts fraud, bank fraud, aiding and abetting, and forfeiture. Both men were arrested in their respective cities this morning by investigating agents. Horridge is expected to appear before United States Magistrate Judge Frances Stacy at 2:00 p.m. today in Houston. Per federal law, Sexton will initially appear before a Magistrate in Arizona pending his transfer to the Southern District of Texas.

The indictment returned under seal by a Houston grand jury late Wednesday, April 5, 2006, was unsealed today following the arrest of Horridge and Sexton. According to the indictment, defendant Roy Horridge, through his company Air Ambulance by B&C Flight Management, Inc., operated an air ambulance service in Houston, Texas, Clearwater, Florida, and Scottsdale and Show Low, Arizona. Defendant William Sexton was an aircraft mechanic for B&C and also, at various times, held the position of President and Chief Executive Officer.

The indictment further alleges that beginning in January 1998 through August 2004, Roy Horridge and William Sexton conspired to submit false writings, specifically aircraft log book entries as to repairs and maintenance of the B&C Flight Management, Inc. fleet, for the purpose of deceiving the Federal Aviation Administration (FAA) and others regarding the airworthiness and monetary value of the aircraft, knowing such maintenance was critical to the safe operation of the aircraft and placed at risk prospective pilots, crew, and passengers aboard the air ambulances. They also sought to avoid the work, it is alleged, because it was costly and required aircraft down-time. The FAA conducted an investigation, and in 2004 grounded B&C's fleet because the aircrafts were not airworthy.

Eight aircraft belonging to B&C, principally Lear jets and two Cessnas, had been previously pledged as collateral for a \$5.6 million loan with Whitney National Bank in Houston, the indictment alleges. It also states that defendants Roy Horridge and William Sexton hid from

Whitney National Bank the fact of the FAA investigation, along with other material facts, to induce Whitney to advance the loan proceeds.

The aircraft-related charges fall under Title 18, United States Code, Section 38. The statute was enacted in 1999. This is the first time the statute has been used in the Southern District of Texas. The pertinent provisions of the statute make it a crime for anyone to knowingly and with intent to defraud, make or use any materially false writing, entry, certification, document, record, data plate, label, or electronic communication concerning any aircraft or space vehicle part. If convicted, a person faces a maximum \$250,000 fine, up to 10 years in prison, or both.

The statute also carries its own conspiracy component (Title 18, United States Code, Section 38(a)(3)) and forfeiture provision (Title 18, United States Code, Section 38(d)), both which are also alleged in the indictment. The forfeiture count alleges the defendants obtained approximately \$5.6 million in proceeds as a result of their criminal conduct and will seek to recover that sum from both defendants, if convicted of the underlying criminal offenses.

"Regulations pertaining to the safe operation of aircraft are designed to protect pilots, crew, passengers and people on the ground," said United States Attorney Don DeGabrielle. "These are not merely technical violations and when they occur, they will be vigorously sanctioned."

"Air safety is one of the top priorities of the Department of Transportation," said Assistant Inspector General for Investigations Charles Lee. "The air ambulance industry is a vital link for many Americans and it is our job to ensure that the critical flight services provided comply with all federal safety laws. Today's indictment shows that we will vigorously pursue violations of federal transportation laws any time safety may be compromised."

The FAA, which oversees all aircraft that operate in the United States, is a component of the Department of Transportation. The FAA had this to say, "The Federal Aviation Administration has been involved with this investigation from the outset. FAA safety oversight relies on operators to keep accurate and honest records," said FAA Associate Administrator for Aviation Safety Nicholas Sabatini. "When the FAA discovers an operator has intentionally falsified records, the agency will take swift action and will cooperate fully with investigations by other federal agencies."

Commenting upon the cooperative efforts between the Department of Transportation and his Department, Robert Rutt, Special Agent-in-Charge of the Department of Homeland Security Immigration and Customs Enforcement Houston office said, "This case illustrates our commitment to protect the public by using the authority granted in the Homeland Security Act. Using ICE's financial expertise, we were able to work with the Department of Transportation and the FAA to close down this vulnerability to the flying public."

Due to improperly maintained aircraft records, the FAA revoked B&C's Air Carrier Certificate in 2004. Without such a Certificate, one cannot lawfully operate aircraft for commercial purposes in the United States.

The case was investigated by the Department of Transportation - Office of Inspector General, the Federal Aviation Administration, and the Department of Homeland Security - Immigration and Customs Enforcement, and Customs and Border Protection. The case is being prosecuted by Assistant United States Attorney Cynthia DeGabrielle.

The public is reminded that an indictment contains only charges and is not evidence of guilt. A defendant is presumed innocent and is entitled to a fair trial at which the government has the burden of proving guilt beyond a reasonable doubt.

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